



**Environmental Services Division**  
Energy and Waste Management Bureau

For Immediate Release  
DNR Contact: Brian Crowe 515-281-8518 office/ 515-250-4660 cell

September 18, 2007

**Record Crude and Propane Prices Reach Iowa**

Typically Midwestern gasoline retails for a lower price than the rest of the nation. But in 2007, gasoline in the Midwest has been well above the national average as supplies have been extremely tight due to a record number of refinery outages and other supply issues. Some supply relief has come as key refineries in the PADD II region (the Central United States) have restarted operation. In the last week gasoline prices have fallen in Iowa as the petroleum industry continues to switch to less expensive winter gasoline blends, and gasoline demand drops from summer levels. National gasoline demand has decreased 1.83 percent to 9.393 million barrels a day in September. Demand is still up about .3 percent over last year's usage, or about 20,000 barrels a day.

"With the switch from summer to winter gasoline and the lowering demand, we should see prices stabilize and hopefully drop some more," said Brian Crowe, an Iowa Department of Natural Resources Energy Analyst. "Even as crude oil prices reached record levels this week due to Hurricane Humberto, crude prices should soon drop and we would see price stabilization. Key factors are that winter gasoline is cheaper than summer gasoline, we have less gasoline demand during winter months, and the price of ethanol has dropped significantly with a huge increase in production. These are really good indicators that prices will fall, and that should be good news for Iowans. One issue that could potentially and literally rain on the pricing parades are the tropical storms in the Gulf Region. Storms like Humberto that directly hit the Texas oil industry can greatly affect the oil market and the retail price that Americans pay."

Iowa gasoline prices in September are averaging \$2.80 per gallon of 10 percent ethanol blended mid-grade gasoline. That is just under a 2 percent increase from the average price in August of \$2.75 per gallon of the same blend, but \$0.54 higher than the price of \$2.26 at this time last year. Prices in Iowa are just one cent above the national average price of \$2.79 per gallon of gasoline.

Diesel fuel in Iowa currently costs \$3.03 per gallon, \$0.05 higher than the \$2.98 price per gallon in August, and up \$0.25 from \$2.78 price from last year. Nationally, diesel fuel is priced at \$3.00 per gallon as supply of ultra-low sulfur diesel continues to be tight throughout the country. Diesel demand has decreased in September, however, to 4.07 million barrels a day. Demand for diesel is down 2.2 percent from last month, and up one half of one percent from this time last year.

September crude oil prices have climbed to record highs in September and reached \$80.40 for West Texas Cushing, a 26 percent increase from \$63.81 price one year ago. Crude prices reached record highs last week when the Houston Shipping Canal closed and widespread refinery outages were reported last week due to Hurricane Humberto. Despite the record highs for crude oil this past week, it still does not match record prices when adjusted for inflation. In 1979, prices reached an adjusted \$90-plus per barrel during the revolution in Iran. Still, prices have surged upward by \$11 in the past four weeks. The Organization of Petroleum Exporting Countries (OPEC) announcement to reintroduce 500,000 barrels a day of crude into the market last week is not having any immediate impact on current prices.

On September 18<sup>h</sup>, natural gas was trading at \$6.35/MMBtu, \$0.95 lower than the August price of \$7.30/MMBtu. The September price decreases comes as larger than normal stock draws were added in the month of August. Nationwide natural gas stocks are up by 18.5 percent since last month, and 9.3 percent over the five year average.

A survey completed by the Iowa Department of Natural Resources on September 18<sup>th</sup>, 2007 indicated that the average retail price of heating oil in Iowa was \$2.71 per gallon, \$0.10 higher than last month, and \$0.28 higher than the price of heating oil at this time last year. The same survey found that propane is selling for record prices in Iowa, an average of \$1.67 per gallon across the state, \$0.09 higher than a month ago, and \$0.22 higher than the price at this time last year.

### 10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	9/17/07	8/15/07	Difference
Ames	\$2.79	\$2.73	+\$0.06
Cedar Rapids	\$2.85	\$2.77	+\$0.08
Council Bluffs	\$2.59	\$2.63	-\$0.04
Davenport	\$2.81	\$2.67	-\$0.14
Des Moines	\$2.63	\$2.62	+\$0.01
Dubuque	\$2.63	\$2.81	-\$0.19
Fort Dodge	\$2.90	\$2.74	+\$0.16
Iowa City	\$2.91	\$2.87	+\$0.04
Sioux City	\$2.88	\$2.78	+\$0.10
Waterloo	\$2.76	\$2.77	-\$0.01
Webster City	\$2.92	\$2.79	+\$0.13
Average Metro Price	\$2.80	\$2.75	+\$0.05

Source: Oil Price Information Service, [www.opisnet.com](http://www.opisnet.com)

### Motor Fuels Survey State Average Price Per Gallon

Self-Serve	9/17/07	8/15/07	Difference
Regular Unleaded with 10% Ethanol	\$2.80	\$2.75	+\$0.05
Regular Unleaded	\$2.82	\$2.77	+\$0.05
Premium Unleaded	\$2.87	\$2.84	+\$0.03
Diesel	\$3.03	\$2.98	+\$0.05

Source: Oil Price Information Service, [www.opisnet.com](http://www.opisnet.com)

### Heating Fuels Survey

Heating Fuel Type	9/18/07	8/15/07	Difference
Natural Gas	\$6.35/MMBtu	\$7.30/MMBtu	-\$0.95/MMBtu
Propane	\$1.67	\$1.58	+\$0.09
#2 Heating Oil	\$2.71	\$2.61	+\$0.10

Sources: Wall Street Journal, Iowa Department of Natural Resources